

Exhibit 14

City of Shelton – Water and Sewer Service Availability



ADAGE

SEPA Checklist
ADAGE Mason LLC
Nominal 60 MW Biomass Electric Power Plant
June 2010



*"Building A Stronger Community
TOGETHER"*

June 7, 2010

Mr. Jim Gaston
7 Lavender Ct.
Pasco WA 99301

Dear Mr. Gaston,

SUBJECT: Water and Sewer Service Availability for the proposed ADAGE Biomass Power Plant

This letter outlines the processes necessary to extend city water and sewer services to the proposed ADAGE Biomass Power Plant. In brief, ADAGE will be required to fund a short water main extension from the Mason County Recreation Area (MCRA) to its facility, and either extend the existing City sewer system or construct a package wastewater treatment plant, whichever option proves the most appropriate and cost-effective.

The ability of ADAGE to utility city water is contingent upon the completion of a water system extension that is currently underway. As you are aware, this summer the Mason County Public Utility District #3 (PUD #3) has plans to commence construction of a water transmission main within Johns Prairie Road, extending eastward from the City of Shelton City Limit to serve its proposed new facility with fire flow and domestic water. Assuming that the PUD #3 completes this transmission main on schedule and to city standards, ADAGE will only be required to build a short water main extension from the MCRA soccer fields to its facility. As an additional prerequisite to ADAGE's water main extension, conditions stated in the Interlocal Agreement, dated February 2, 2010, between the Port of Shelton (Port), the City of Shelton (City), and PUD #3 must be carried out. Specifically: (1) The Port must dedicate all portions of the Port's existing water main which are incorporated into the PUD 3 extension to the City at no cost; and (2) The Port must convey all right, title, and interest in that portion of the Port's water system that currently serves the MCRA and the leased soccer fields to the City. Also per this Agreement, the provision of City water to the ADAGE site may be conditioned on the Port of Shelton signing a covenant not to protest annexation of the ADAGE property. Finally, connections to the water transmission main will be subject to a latecomer's fee, collected by the City on behalf of PUD #3.

The City is presently in the process of updating both the Water and Sewer System Comprehensive Plans. The Sewer Comprehensive Plan Update will address future



facility and service needs, including the provision of sewer service in the Johns Prairie area. Alternative means to serve this area that will be studied in the plan include extending the existing conveyance system and constructing a small package plant to serve this area, like the Satellite Water Reclamation Facility near Sanderson Field. Provision of sewer service to the Johns Prairie area will be developer-funded, regardless of the option chosen. If the City identifies a Johns Prairie package plant as the most feasible and cost-effective option, it will be required to be adequately sized to accommodate the developed properties within the proposed service area as well as the ADAGE facility and other potential development. It is anticipated the Comprehensive Plan Update will be completed in late 2010 or early in 2011, and the completed plan is expected to establish what type of sewer system extension the City will require. The timing of this update should allow ADAGE sufficient time to design and construct the appropriate system components to treat wastewater generated from the ADAGE facility in advance of its target opening date. ADAGE will be entitled to a latecomer agreement to recoup costs expended over and above its pro rata share of the sewer system improvements.

The City has imposed a moratorium on new development applications within the city limits, based on limited capacity at the Downtown Wastewater Treatment Plant. However, upgrades to the Downtown Plant are fully funded and underway, and are expected to be completed by the end of 2011. Once construction is complete the Downtown Plant will have sufficient capacity to serve new development, and will also have the ability to treat wastewater from the ADAGE facility. Provisions for connection to City sewer within Chapter 14 and 17.10 of the SMC, including pretreatment measures, will need to be adhered to and should be considered during project design.

Enclosed is a Draft Utility Extension Agreement for City Water Service. This provides the terms which the city water system could be extended to serve the ADAGE site with fire flow and domestic water. This agreement references the need to commit to annexation, discussed further SMC Chapter 17.10 and the Interlocal agreement between the City, Port, and PUD#3. A utility extension agreement will also be required in advance of the sewer system extension.

I trust this letter clarifies your request regarding water and sewer availability. If you have any further questions, please feel free to contact me at (360) 432-5136.

Sincerely,



Steve Goins

Director of Community and Economic Development and Public Works
Administration

**UTILITY EXTENSION AGREEMENT
(CITY WATER SERVICE)**

Applicant: _____

Property location: _____

In requesting city water services for the above addressed property, the applicant, being the holder of a long-term lease on the property referenced above and having the authority to enter into this agreement, hereby agree as follows:

I. Water Service Extension

1. To comply fully with the terms of SMC Chapter 17.10, the City's Comprehensive Water Plan, the City's public works design and utility standards, and this Agreement.
2. To solely fund all design, engineering, construction, easements, licenses, inspections, and all other costs associated with extension of water service.
3. To include in its engineering a provision to ensure that extension of the water main is compatible with future extension of sanitary sewer service and reclaimed water.
4. To supply all information requested by the City Public Works Department for utility extensions, including plans, drawings, and evidence of approvals from all regulatory agencies.
5. To dedicate all capital facilities constructed as part of the water extension at no cost to the City, upon completion of the construction, approval and acceptance by the City.
6. To comply with all requirements of the City's development regulations, zoning, fire codes, and portions of the city building code which are referenced in the fire code, and the City public works standards when developing or redeveloping the property.
7. To pay all lawfully established rates and charges and comply with all requirements regarding the use and maintenance of the utility services as required in Title 14 and 15 of the SMC.
8. In the event the applicant or its contractor damages or disrupts existing public improvements, the repairs shall be made at the applicant's expense. In the event the improvements are so damaged or the service disrupted and the applicant fails or is unable to immediately restore the service, then the City may cause the repairs to be made by others and all costs for the same shall be at applicant's own expense. Where the

construction crosses or is adjacent to existing utilities, the applicant shall exercise extreme care to protect such utilities from damage. If any damage is done to an existing utility, the applicant shall notify the utility company involved who will dispatch a crew to repair the damage at the applicant's expense. All costs for the same shall be at the applicant's own expense.

9. The applicant shall be aware that some existing facilities are known to contain asbestos cement pipe. The applicant and its contractors shall conduct all work related to existing asbestos cement pipe in strict accordance with WISHA safety regulations and provisions contained within WAC 296-62077. All costs related to work in compliance with established rules and regulations shall be the responsibility of the applicant. Demolition of existing, asbestos cement pipe, if required, will be permitted only after the proper permits are obtained. The applicant shall be responsible for all associated fees and permits required for asbestos removal and disposal. Work crews shall be provided with proper protective clothing and equipment. Hand tools shall be used, and the asbestos cement pipe shall be scored and broken in lieu of the sawing or other methods which release fibers into the atmosphere. Waste asbestos pipe shall be buried in the trench. Asbestos pipe to be abandoned in - place shall not be disturbed, except as noted herein, and shall remain in its original position. The applicant is cautioned that all existing drainage systems, whether open ditch, buried pipe, or drainage structures, are not on record. It shall be the responsibility of the applicant to repair or replace all such systems found during construction, which are damaged by the applicant's construction in a manner which is satisfactory to the City. Where the applicant is allowed to use private property adjacent to the work, the property so used shall be returned to its original or superior condition. The applicant shall make all arrangements in advance with such property owners, to insure that no conflicts will ensue after the property is restored as described above. The applicant will be required to furnish the City with a written release from said private property owners, if the City deems it to be necessary to obtain such document.
10. The construction of the water main extension to the Premises shall be supervised by the City in such a manner and at such times as the City deems reasonably necessary to assure that construction of the system will conform with the above-mentioned plans and specifications. The applicant agrees to allow such inspections and agrees to cooperate providing reasonable advance notice on his construction schedule during, the various construction phases as requested by the City.
11. The applicant agrees to cover the City's reasonable review fees and construction supervision expenses incurred.
12. The construction of the water main extension to the Premises shall not be accepted for service and use until the same have been fully inspected and approved, and the applicant has performed all of the following requirements:

- a. Submit to the City in Auto-CADD format, latest revision (unless otherwise approved by the City), the computer file supplied on a three and one half (3-1/2) inch disc accompanied by the original mylars, with all changes from the original design clearly marked to reflect the as-built conditions. The applicant's Engineer shall certify the accuracy of the record drawings and shall affix his seal and signature.
 - b. Pay all permit fees and equivalent assessment charges and any other applicable City charges required for Premises.
 - c. Pay all plan check and inspection fees.
 - d. Prepare and furnish the required easements in compliance with the City's standard form prior to recording of same. The proponent shall pay all the necessary recording fees.
 - e. Furnish the City with a Bill of Sale conveying the water main to the City.
 - f. Furnish the City with a maintenance bond covering the costs of repairing defects for a period of two years.
13. The applicant warrants that the water main extension shall be free of defects in labor and materials for a period of one year following completion. The applicant shall repair any defects discovered within one year of completion at the applicant's sole expense. In the event any warranty repairs are required, the City agrees, whenever feasible, to provide the applicant with reasonable notice, before directly undertaking such repairs. The City reserves the right, however, to effect emergency repairs as deemed necessary by the City. The applicant shall reimburse the City for all costs thereof.
14. The applicant shall defend, indemnify and hold harmless the City from all claims for damages by third parties, including costs and reasonable attorney's fees in the defense of claims for damages, arising from the applicant's construction and installation of the water extension described in this Agreement except that the applicant shall not be required to indemnify the City against a claim or loss to the extent the claim is the result of the negligence or willful misconduct of the City's employees, agents or officials.

II. Connection to water service

15. The applicant shall not connect to the City water system until authorized by the City, and such connection shall be performed under the supervision and direction of the City.
16. Prior to connecting to City water service, the applicant shall provide the City with an estimate of daily water consumption.

17. The applicant agrees to pay all charges in the form of General Facilities Charges and consumption rates.
18. Once the applicant has connected to City water service, the applicant shall use City water as its primary potable water source.
19. If requested and appropriate, the City shall administer a latecomer agreement on the applicant's behalf pursuant to Chapter 35.91 RCW, with the goal of reimbursing the applicant for its contribution to the extension of the water main over and above its pro rata share.

III. Commitment to extend and connect to sewer.

20. Mason County is requiring the applicant to connect to city sewer service. The applicant shall enter into a utility extension agreement for sewer service prior to extending the sewer main or constructing sewer facilities. The utility extension agreement for sewer shall provide that if the applicant contributes more than its pro-rata share to a sewer extension, the City shall administer a latecomer agreement on the applicant's behalf pursuant to Chapter 35.91 RCW, with the goal of reimbursing the applicant for its contribution to the extension of the sewer facilities over and above its pro rata share.

IV. Miscellaneous

21. Per SMC § 17.10.020(A), this Agreement shall be recorded in the office of the Mason County Auditor and shall constitute a covenant running with the land that binds current and subsequent property owners to all its terms.
22. Each party agrees to perform any further acts and to execute and deliver any further documents as may be reasonably necessary to fully effectuate the provisions of this Agreement.
23. In addition to all other remedies available at law for noncompliance by the applicant or any subsequent property owner with the terms of this Agreement, the City shall have the authority to disconnect utility service, and for that purpose may at any time enter upon the private property or any public street or road.